



# County of Los Angeles CHIEF ADMINISTRATIVE OFFICE

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DAVID E. JANSSEN  
Chief Administrative Officer

Board of Supervisors  
GLORIA MOLINA  
First District

YVONNE B. BURKE  
Second District

ZEV YAROSLAVSKY  
Third District

DON KNABE  
Fourth District

MICHAEL D. ANTONOVICH  
Fifth District

August 2, 2004

To: Supervisor Don Knabe, Chairman  
Supervisor Gloria Molina  
Supervisor Yvonne B. Burke  
Supervisor Zev Yaroslavsky  
Supervisor Michael D. Antonovich

From: David E. Janssen  
Chief Administrative Officer

## SACRAMENTO UPDATE

The Governor signed the \$105 billion State budget on Saturday, a month and a half after the constitutional deadline and not before using his line-item veto authority to cut \$116 million from the spending plan approved earlier in the week by the Legislature. A number of the items vetoed impact the County. Attachment A is an updated version of the chart which shows an additional \$10.5 million estimated loss to the County as a result of the Governor's vetoes. In addition, the County lost out on \$44.5 million in budget augmentations. The following are the vetoes directly affecting the County:

- Eliminates the State waiver/subsidy of the local match for the Child Welfare Services Augmentation which would have provided \$5.7 million in State funds as a match for some \$19 million in Federal funds.
- Eliminates the funding to counties for the Children's System of Care Program which would have provided \$4.8 million to the Department of Mental Health and its partner agencies – Children and Family Services, Probation, and Education.
- Eliminates the rollover of \$40 million of unspent FY 2003-04 CalWORKs single-allocation funds that was part of a proposed \$90 million augmentation in CalWORKs employment services in the budget year.
- Eliminates \$4 million (\$1.3 million State funds) that replaced one-time funding for the County Department of Child Support Services.
- Eliminates a \$550,000 augmentation for the County Agricultural Commissioner to assist in the cost of moving agricultural inspectors from part-time to full-time status.

- Eliminates a \$1 million augmentation for local arts grants.
- Eliminates a provision in the budget bill that would have expanded the scope of the federally required audit of the County Department of Health Services.
- Reduced funding for the Emergency Housing and Assistance Fund from \$5.3 million to \$4 million.
- Cut \$1.5 million (\$750,000 State funds) that provided additional Medi-Cal pharmacy reimbursement for HIV/AIDS drugs provided by community clinics.

### **Medi-Cal Redesign**

Today, California Health and Human Services Secretary Kim Belshé announced that the Administration's Medi-Cal Redesign proposals will be delayed until January 2005 when Governor Schwarzenegger releases his proposed budget for Fiscal Year 2005-06. In making the announcement, Secretary Belshé noted that additional time is needed to resolve issues related to Medi-Cal hospital financing, and to consider program improvement ideas expected from the forthcoming California Performance Review. Regarding Medi-Cal hospital financing, the DSH Task Force, of which the County is a member, is scheduled to meet with the Administration on August 4, 2004 to discuss revised aspects of the State's proposed approach. A key point of the discussion will be the feasibility and practical implications of the Administration's plan to phase-out the use of Intergovernmental Transfers (IGTs).

We will continue to keep you advised.

DEJ:GK  
MAL:JR:ib

### **Attachment**

c:     Executive Officer, Board of Supervisors  
       County Counsel  
       Local 660  
       All Department Heads  
       Legislative Strategist  
       Coalition of County Unions  
       California Contract Cities Association  
       Independent Cities Association  
       League of California Cities  
       City Managers Associations  
       Buddy Program Participants

**ESTIMATED LOSS TO LOS ANGELES COUNTY  
FROM THE FY 04-05 BUDGET  
(Dollars in Millions)**

	<u>January</u>	<u>Proposed Budget</u>	<u>Adopted Budget</u>
Property Tax Shift/Loss	\$289.0	\$103.0	103.0
Probation: Elimination of TANF Funding Effective October 31, 2004*	55.3	0	0
DCFS: Group Home Placement for 1,000 Probation Camp Youths	19.2	0	0
Probation: CYA Fee for 1,034 New Commitments Due to Camp Closures	1.2	0	0
Mandate Reimbursements: Indefinite Deferral	41.0	35.0	35.0
Public Works: Suspension of Proposition 42 Transportation Funds	18.0	0	0
Federal Child Support Penalty	11.0	0	0
County Share of Child Support Collections: DPSS/DCFS	6.4	0	0
EPSDT: Increased Share of Costs		0	0
Child Welfare Services: Loss of Waiver		0	5.7
Medi-Cal Administration: COLA Limit	5.4	0	0
Children's System of Care: Elimination	4.8	0	4.8
Civil Filing Fees: Loss of Exemption		0	0
VLF: Elimination of Realignment Backfill for Trailers	3.7	0	0
Medi-Cal: Provider Rate Reduction: Community Health Plan	1.9	0	0
AG: High Risk Pest Exclusion	1.2	0	0
Sheriff: Booking Fees Eliminated	.8	0	0
Property Tax Shift: Community Redevelopment Agency	.1	.2	.2
Property Tax Shift: Special Districts	13.4	10.2	10.2
	<u>Jan</u>	<u>May</u>	<u>Adopted</u>
Flood Control District	9.7	0	6.9
Library District	2.5	0	0
Garbage Districts	.75	0	1.2
Waterworks Districts	.25	0	.9
Lighting Districts	.2	0	1.2
<b>Total Loss</b>	<b>\$472.4</b>	<b>\$148.4</b>	<b>158.9</b>

\*Full year impact in FY 2005-06 would be an \$83 million loss.

\*\*Draws down \$24.8 million in State and Federal funds.

This table represents the loss or deferral (in the case of Mandate Reimbursement) of State funds based upon the Governor's January Budget, the budget bill approved by the Legislature and the Adopted Budget which reflects the Governor's line item vetoes. It does not reflect the actual impact on the County or a department's budget which may assume a different level of State funding or be able to offset lost revenue.